

Part A

Report to: Overview and Scrutiny Committee

Date of meeting: Thursday 26 November

Report author: Head of Leisure and Environmental Services

Title: Leisure Centre Management Contract (LCMC) 2019-2020

1.0 Summary

- 1.1 This report is to provide information to Overview and Scrutiny Committee on the performance of the LCMC. SLM/Everyone Active were awarded a 15 year contract term in December 2017 to operate the council leisure centres. The new contract term commenced 6 June 2018 and will expire 5 June 2033. SLM operate the centres under a full repairing lease arrangement.
- 1.2 Previous end of year reports covered the contract year from June to May however due to technical reporting issues around finances and KPI's the decision has been made to report performance going forward based upon the financial year April to March.
- 1.3 The leisure contract covers the following facilities Watford Central and Woodside Leisure Centres, Woodside Stadium and the paddling pools and splash pads in Cassiobury Park. The end of year report 2019-2020 (Appendix 1) produced in partnership with SLM/Everyone Active, details a review of the positive outcomes, initiatives and projects that have been delivered through the LCMC over the last 12 months (1 April 2019 – 31 March 2022).
- 1.4 Following the government directive to lockdown due to the Covid 19 virus, SLM/Everyone Active closed the council owned leisure centres on Friday 20 March 2020. Appendix 2 details the attendance and usage figures for different elements of the facilities since the reopening of the facilities in July 2020 and outlines the work that has been undertaken to create a Covid safe environment carried out by the contractor.
- 1.5 On 25 July 2020 the government advised that public leisure centres and swimming pools could reopen. The guidelines required leisure contractors to restrict the number of customers in their buildings at any one time. SLM now operate a booking system to allow users to access a range of activities including group exercise, gym sessions and lane swimming. The ITC booking system via the App and website has allowed SLM to proactively manage this process and the new operating rules have been communicated to all staff and customers.
- 1.6 Following the decision to go into a second England wide lockdown the leisure centres will close on Thursday 5 November and are currently scheduled to reopen on Wednesday 2 December 2020. During the lockdown the majority of staff will be furloughed however a core workforce of senior managers (3-4) plus SLM regional technical support staff will monitor the building management systems, major plant and key equipment to ensure that the facilities are able to reopen swiftly on the appointed date. Customers who have already paid for their swimming lessons or gym membership for November (via direct debit or annual membership) will receive a credit note that will be applied to December 2020.

1.7 SLM will provide the council with a weekly report during the lockdown period and this information will be reported via the council's Incident Management Team (IMT). The impact on service delivery during the 2 lockdown periods will be reviewed as part of the regular partnership monitoring of the over the next 12 months and will be fully detailed in future LCMC's end of year reports.

This report provides a summary of:

- SLM – End of Year Report -1 April 2019 - 31 March 2020 (Appendix 1)
- Infographic of key achievements (Appendix 2)
- Colleague development path (Appendix 3)
- Covid 19 Recovery Plan (Appendix 4 which was produced by SLM prior to the second lockdown announcement)

1.8 The outcomes from the leisure centre management contract supports the delivery of the new Corporate Plan and the specific themes:

- 1. A council that serves our residents**
- 2. A thriving and creative town**
- 3. A healthy and happy town**

2.0 Risks

2.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
Contractors do not deliver contract and service specification outlined in the contract	The facility or services is not available for residents and customer to use	Regular contract monitoring by the council to review the contract and KPI'S requirement are being met by the third sector contractor	Treat	Unlikely (2) x High (3) = rating of 6
Contractor goes into administration	As above	As above Regular review of contractors accounts	Tolerate	Unlikely (2) x High (3) = rating of 6
Contractor merges with another provider or is taken over by another company	Could have no impact on the service Or	As above Option to terminate the contract early	Tolerate	Unlikely (2) x High (3) = rating of 6

	New company tries to alter the contract and KPI's which impacts on the programme or service			
Contractor fails to achieve the forecasted/stated levels of income - as a result of the Covid 19 virus	Contractor tries to reduce level of positive management fee to council Potential reduction in income share to the council	Regular review of contractors accounts and credit rating Regular contract monitoring by the council to review the impact of new gyms or sports facilities entering the local market and the potential impact on the profitability of the LCMC	Treat	Unlikely (2) x High (3) = rating of 6
Operator not complying with relevant industry Covid guidance regarding operation of leisure centres	Facilities not managed safely presenting a risk to users. Reputational risk to council and customer dissatisfaction.	Council will need to employ strict monitoring arrangements to ensure facilities are managed in accordance with all relevant Covid guidance.	Treat	3 x 3 = 9
Reduced income increases the risk of the operator being unable carry out robust management of the council's assets	Council's assets are not suitably or safely maintained. Reputational risk to council and customer dissatisfaction	Recovery phase forecast shall include sufficient funds for maintenance of assets in accordance with SLM's contractual obligations.	Treat	3 x 3 = 9

3.0 Recommendations

- 3.1 To review the report and supporting information and make any recommendations to the Cabinet.

Further information:

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Report approved by:

Alan Gough Group Head of Community and Environmental Services

4.0 Detailed proposal

- 4.1 The leisure centres are a high profile front facing public service which helps to deliver the council corporate objectives and links to the authority's wider social and wellbeing agenda.
- 4.2 As part of the contract arrangements a Strategic Partnership Board (SPB) was established for the LCMC based upon the same model as the current Veolia contract and principles.
- 4.3 Each of the major contracts (SLM for the Leisure Centres and Veolia for the Waste, Streets and Parks) has a bespoke service specification which details the KPIs required by the council.
- 4.4 The LCMC KPI's (Appendix No. 1) were selected by the council have ensured that they are not data heavy or restrict the commercial performance of the leisure operator. The indicators have provided the council with the information required to demonstrate that the facilities are having a positive impact on the council's health and wellbeing agenda.

5.0 Implications**5.1 Financial****5.1.1 The Shared Director of Finance comments that**

- The council received a positive management fee from SLM/Everyone Active for Year 2 (2019-2020) £740,176
- Covid 19 had a negligible impact on the 2019/20 financial year and the management fee includes the impact of the lockdown at the end of that financial year. A financial agreement has been made with the operator in relation to 2020/21 in relation to Covid-19. The government has included management fees received by Councils from leisure providers in its income guarantee scheme for local authorities.

5.2 **Legal Issues** (Monitoring Officer)

5.2.1 The Group Head of Democracy and Governance comments that

Whilst this report relates to the annual report for 2019/20 the council entered into a deed of variation with SLM to cover amended payment terms relating to the COVID19 pandemic and the fact that the Leisure Centres were required to shut from the end of March until June 2020. The position is due to be reviewed with SLM in January 2021.

5.3 **Equalities, Human Rights and Data Protection**

5.3.1 An Equality Impact Assessment (EIA) was undertaken for the LCMC to establish whether there are any emerging needs that are not addressed through the LCMC priorities. If there are emerging needs identified during the period of the LCMC term that are not currently met, consideration will be given as to whether these are a District Council responsibility.

5.3.2 Having had regard to the council's obligations under the General Data Protection Regulation (GDPR) 2018, it is considered that officers are not required to undertake a Data Processing Impact Assessment (DPIA) for this report.

5.3.3 There is a GDPR policy statement contained within the LCMC documents.

5.4 **Staffing**

5.4.1 There are no changes to WBC staffing arrangements identified in this report.

5.5 **Accommodation**

5.5.1 There are no changes identified in this report relating to WBC office/town hall accommodation.

5.5.2 SLM/Everyone Active operate the leisure facilities and the paddling pools under a full repairing lease arrangement for the term of the LCMC.

5.6 **Community Safety/Crime and Disorder**

5.6.1 The council has considered the crime and disorder implications of the LCMC and ensured that the operator and service specification makes a positive contribution. The activities resulting from the services provided by many of the leisure operators particularly in relation to sport and physical and youth activities will contribute to a safer environment.

5.7 **Sustainability**

5.7.1 The LCMC accords with the council's approach on sustainable procurement to consider the social, environmental and economic impacts of the contract. A number of local firms are employed as part of the LCMC supply chain as detailed in the contract KPI's report.

5.7.2 As part of their tender submission SLM/Everyone Active developed an environmental management policy which aims to reduce the carbon footprint of the leisure facilities initiatives during 2019-2020 have included the installation of combined heat a power (CHP) units at both leisure centres.

Appendices

- SLM – End of Year Report -1 April 2019 - 31 March 2020 (Appendix 1)
- Infographic of key achievements (Appendix 2)
- Colleague development path (Appendix 3)
- Covid 19 Recovery Plan (Appendix 4)

Background papers

- LCMC – Equalities Impact Assessment - 2018